



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 21, 2005

### **H.R. 3648**

#### **A bill to impose additional fees with respect to immigration services for intracompany transferees**

*As ordered reported by the House Committee on the Judiciary on September 29, 2005*

#### **SUMMARY**

H.R. 3648 would impose a fee of \$1,500 on multinational employers that seek temporary admission to the United States for certain intracompany transferees, known as L-1 nonimmigrants, who work in managerial or executive capacities or who provide services that involve specialized knowledge. CBO estimates that enacting the bill would increase offsetting receipts (a credit against direct spending) by \$80 million in fiscal year 2006 and by about \$1 billion over the 2006-2015 period. (The bill would direct these collections to be recorded as offsetting receipts.)

H.R. 3648 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 3648 would impose a new private-sector mandate, as defined in UMRA, by requiring employers to pay when a petition is made for an L-1 visa allowing their foreign employees to transfer to work for companies in the United States. CBO estimates that the direct cost of complying with the mandate would fall below the annual threshold established by UMRA (\$123 million in 2005, adjusted annually for inflation) in each of the next five years.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 3648 is shown in the following table. The effects of this legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>CHANGES IN DIRECT SPENDING</b>										
Estimated Budget Authority	-80	-105	-105	-105	-105	-105	-105	-105	-105	-105
Estimated Outlays	-80	-105	-105	-105	-105	-105	-105	-105	-105	-105

## **BASIS OF ESTIMATE**

H.R. 3648 would impose a fee of \$1,500 on multinational employers that seek temporary admission to the United States for certain intracompany transferees, known as L-1 nonimmigrants. Employers would have to pay the fee for each employee who is admitted to the United States as an L-1 nonimmigrant, including individuals who change their nonimmigrant status to L-1, and for each employee who extends L-1 status for the first time. The fee would not be charged for subsequent extensions.

Based on information from the Department of State and the Department of Homeland Security about the number of U.S. admissions and extensions for L-1 nonimmigrants in recent years, CBO estimates that the new fee would apply to about 70,000 persons annually. We expect the added fee would cause only a minor decrease in such admissions and extensions because the fee is primarily paid for by major employers. We estimate that enacting H.R. 3648 would increase collections by \$80 million in fiscal year 2006 and by about \$1 billion over the 2006-2015 period, assuming the bill is enacted by the end of calendar year 2005.

Similar to the budget classification of other visa fees, the bill would direct these collections to be deposited in the Treasury as offsetting receipts (a credit against direct spending). The new fees collected under H. R. 3648 would not be available for spending unless provided in an appropriations act.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 3648 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 3648 would impose a new private-sector mandate, as defined in UMRA, by requiring employers to pay for an L-1 visa allowing their foreign employees to transfer to work for companies in the United States. The bill would require such employers to pay a \$1,500 fee when a petition is made for a transfer or for a first time extension of an L-1 visa. The bill also would prohibit employers from passing along the fee to their L-1 visa employees. The cost of the mandate would be the total fees paid by those employers. Based on information from the Department of State, CBO estimates that the direct cost of complying with the mandate would range from approximately \$80 million in 2006 to \$105 million in 2010, and thus would fall below the annual threshold established by UMRA (\$123 million in 2005, adjusted annually for inflation) in each of the next five years.

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